

BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON, D.C. 20268-0001

VALASSIS NSA

Docket No. MC2012-14

Docket No. R2012-8

RESPONSE OF A. H. BELO CORPORATION TO NOTICE OF INQUIRY NO. 1

A. H. Belo Corporation owns four daily newspapers: *The Dallas Morning News*; *The Providence Journal*; *The Press-Enterprise* (Riverside, California); and, the *Denton Record-Chronicle* (Denton, Texas). The newspapers' combined Sunday print circulation was over 570,000 copies for the period ended March 31, 2012. The newspapers have won a total of 14 Pulitzer Prizes.

We submit this response in support of the Newspaper Association of America's Response to Notice of Inquiry No. 1. We oppose the proposed Valassis NSA including because of the significant harm it would cause to the market for the distribution of preprint advertising inserts.

Response to Questions:

1. For fiscal year 2010, we estimate that advertising inserts for durable and semi-durable goods from national retailers represented 27% of our total advertising revenues (including Run-of-Press ("ROP"), classified, and digital advertising), 32.9% of our total print advertising revenue, and 36% of our total preprint advertising revenue.

2. For fiscal year 2011, we estimate that advertising inserts for durable and semi-durable goods from national retailers represented 31% of our total advertising revenues (including ROP, classified, and digital advertising), 37% of our total print advertising revenue, and 31% of our total preprint advertising revenue.
3. Our Total Market Coverage ("TMC") program advertisements are distributed mid-week. Those advertisements are distributed through the U.S. Postal Service, a variety of newspapers, and alternative delivery methods. The advertising packages contain a mixture of advertisements for grocers, durable and non-durable goods retailers, home improvement stores, quick service restaurants, and automotive businesses. Our TMC programs have existed for approximately 23 years and reach the majority of the households that comprise the geographical areas in which our newspapers are distributed.

For fiscal year 2011, we estimate that we distributed over 82,000,000 packages of TMC advertisements displaying durable and semi-durable goods from national retailers via the Postal Service and over 61,000,000 packages of TMC advertisements via private delivery carriers or through other delivery methods. (We do not maintain data about the weight of these packages.)

4. For fiscal year 2010, we mailed approximately 173,000,000 packages of TMC advertisements for which we paid the U.S. Postal Service approximately \$17,344,000.
5. For fiscal year 2011, we mailed approximately 168,000,000 packages of TMC advertisements for which we paid the U.S. Postal Service approximately \$17,942,000.

6. We estimate that the U.S. Postal Service will lose approximately \$5,100,000 annually from our mid-week TMC postage if the Valassis NSA is approved.

7. A decline in our advertising revenues relating to durable and semi-durable goods will severely disrupt our operations. The lower revenue will negatively affect staffing and will in all likelihood require us to reduce our workforce in most or all departments. The lower revenue will in all likelihood also lead to a reduction in subscribers and single copy purchases due to the decreased quantity of advertising choices for our newspaper readers. The lower revenue will also lead to a further deterioration of advertising revenue from businesses that prefer to reach consumers through advertising programs in which those businesses' key competitors participate.

Additionally, the lower revenue would require us to attempt to develop alternative advertising delivery methods for packages of TMC advertisements to enable us to compete with the Valassis NSA. Additional investment capital for that development would come at the expense of current products and services which are vital to our long-term financial stability. Finally, the overall quality of our journalistic content will in all likelihood lessen with staffing reductions and with reduced investment capital available to update and improve technological resources for our workforce.

I state under penalty of perjury that the foregoing is true and correct.

Executed at Dallas, Texas, on June 28, 2012.

A. H. BELO CORPORATION

By: 

Daniel Phelan, Authorized Signatory